UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TAHRA KERMAN-MASTOUR

Plaintiff,

v.

FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC., AND FINRA REGULATION, INC.,

Defendants.

Docket No.: 10-CV-1633 (RJH)(RLE)

DECLARATION OF SUSAN LIGHT

I, **SUSAN LIGHT, ESQ.**, being duly sworn, declare under penalty of perjury that the foregoing is true and correct:

1. I am currently employed as Senior Vice-President and Chief Counsel of the Enforcement Division of the Financial Industry Regulatory Authority, Inc., ("FINRA"). I have held this position since I joined FINRA in 2007. Prior to joining FINRA, I held the position of Senior Vice President and Department Head of NYSE Regulation. I am fully familiar with the facts set forth in this declaration, which I offer in support of Defendants' Motion for Summary Judgment and to supplement my deposition testimony.

2. In April of 2005, shortly after Kerman-Mastour's then immediate supervisor, Joy Weber, was promoted to a managing director position, Kerman-Mastour's unit briefly reported directly to me. At around this time, I noticed that Plaintiff was not performing at a level commensurate with her years of legal experience. For example, in 2005, Kerman-Mastour was assigned to the PS case, a case which involved a simple fact pattern that a third-year attorney should have understood. However, Kerman-Mastour could not articulate the issues in that case

to me, and it was not until I spoke with other staff members that I understood the facts of the case.

3. Kerman-Mastour continued to underperform, notwithstanding her increasing seniority. Her difficulties fell into several categories: lack of productivity, inadequate investigative skills, inability to take an effective deposition, poor analytical skills, and lack of writing skills. We met frequently to discuss these performance issues and to try to improve her skills. Kerman-Mastour appeared to be appreciative of the individual attention and interest, and my genuine desire to try to teach her.

4. One example of Kerman-Mastour's performance not rising to the level required for her position was the LT investigation. The matter was opened in April 2008. In May 2008, Kerman-Mastour was authorized to write a memo granting her ability to contact non-complaining customers. This short memo was not completed until the end of July 2008, and Kerman-Mastour delayed contacting these customers until October 2008. Her monthly comments in the STAR computer system reflected her complete lack of progress in the case.

5. When Kerman-Mastour first informed me about the facts of the investigation, she and I believed that a cautionary letter to LT was appropriate, while Richard Chin, her supervisor at that time, thought formal action was necessary. Chin and I spoke with Jim Shorris, who at that time was FINRA's Head of Enforcement, regarding the matter. Shorris informed us that FINRA should pursue formal disciplinary action.

6. Chin and I spoke with Kerman-Mastour about the facts of the case, and learned that there was evidence that LT deliberately tried to hide certain payments he had made to customers. We asked Kerman-Mastour to rewrite the memorandum to include this information. However, in her next draft, submitted on February 13, 2009, Kerman-Mastour failed to include

the actions negative to LT. Indeed, Kerman-Mastour did not seem to understand the significance of these facts.

7. Kerman-Mastour also failed to interview a sales assistant and the regional manager in the LT case, despite learning that they might have relevant information regarding LT's admissions. Kerman-Mastour's inadequate work on this case demonstrated to me that she did not meet the requirements of her position. Her analysis, investigation, interview, productivity, and writing were all unacceptably poor, particularly given that she had seven years of experience as an enforcement attorney by the time she started her employment with FINRA.

8. The GP investigation showed similar significant shortcomings. As with the LT case, Kerman-Mastour failed to advance the case for many months. In fact, the comments she entered into STAR both duplicated LT and showed that she made no progress on the case. Kerman-Mastour's analysis in the matter was also poor. For example, Kerman-Mastour's February 27, 2009 investigative memo contained a glaring mistake: she failed to understand that GP's admission was sufficient evidence of his wrongful conduct. Kerman-Mastour admitted in her memorandum that GP had admitted to certain fraudulent conduct, but went on to write, "given the lack of documentary evidence in this matter, Enforcement lacks sufficient evidence to prove that GP violated FINRA Rule 2110." Amazingly, when I asked Kerman-Mastour to explain this, she informed me that FINRA could not bring disciplinary action based on GP's admissions and the firm's order ticket documentation. This exhibited a serious lack of legal knowledge of standards of proof that any seventh-year attorney should have mastered.

9. I brought these concerns about Kerman-Mastour's performance to Susan Merrill's attention on a regular basis. On May 1, 2009, Merrill informed me and Chin that she had decided to terminate Kerman-Mastour's employment.

The Informal Maternity Leave Committee

10. While I was aware that in September of 2008, Kerman-Mastour had joined an informal committee of employees who complained that FINRA did not adopt the same maternity leave policy as NYSE, her participation was not a concern to me at all. I did not discourage her from participating in this committee, and neither did any of Kerman-Mastour's other supervisors. In fact, several employees joined this committee, and notably, all of the other employees are still employed at FINRA, or voluntarily left.

Exhibits to My Declaration

11. Attached as "Exhibit A" is a true and correct copy of my 2005 Memo to File, produced during discovery and identified by Bates Nos. FINRA00409-00411.

12. Attached as "Exhibit B" is a true and correct copy of my handwritten notes, produced during discovery and identified by Bates No. FINRA00412.

13. Attached as "Exhibit C" is a true and correct copy of my handwritten notes from April 2009, produced during discovery and identified by Bates No. FINRA00414.

14. Attached as "Exhibit D" is a true and correct copy of my notes from June 2008, produced during discovery and identified by Bates No. FINRA00479.

15. Attached as "Exhibit E" is a true and correct copy of my October 29, 2008, e-mail to Plaintiff, produced during discovery and identified by Bates No. FINRA01626.

Susan Light

Susan Light, Esq.

Executed on January 20 2011

Exhibit A

FILED UNDER SEAL

(Courtesy Copy To Be Filed with Court)

Exhibit B

FILED UNDER SEAL

(Courtesy Copy To Be Filed with Court)

Exhibit C

FILED UNDER SEAL

(Courtesy Copy To Be Filed with Court)

Exhibit D

FILED UNDER SEAL

(Courtesy Copy To Be Filed with Court)

Exhibit E

From: Light, Susan
Sent: Wednesday, October 29, 2008 12:00 PM
To: Kerman, Tahra
Subject: RE:

Thanks Tahra. I care about you and want you to do well

From: Kerman, Tahra
Sent: Wednesday, October 29, 2008 11:56 AM
To: Light, Susan
Subject:
I also wanted to thank you for taking the time to give me suggestions on how to improve and for helping me try to figure out what my obstacles might be…which I know you did not have to do.